



State of Arizona  
Department of Education

**Tom Horne**  
Superintendent of  
Public Instruction

CN# 19-09  
USDA SP# 20-2009

MEMORANDUM

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**To:** Sponsors of the National School Lunch Program

**From:** Mary Szafranski, Deputy Associate Superintendent  
Arizona Department of Education, Health & Nutrition Unit

*Original Signed*

Lee Renda, NSLP Nutrition Director  
Lynn Ladd, NSLP Health Director  
Arizona Department of Education, School Health and Nutrition Programs

**Date:** April 1, 2009

**RE:** Q & A for Equipment Assistance Grants

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This memorandum, a follow-up to CN# 18-09, consists of the questions and answers from the United States Department of Agriculture and the Arizona Department of Education pertinent to the allowable usage of the American Recovery and Reinvestment Act of 2009 (ARRA) funds.

**Q.1. May Residential Child Care Institutions (RCCIs) apply for the ARRA equipment assistance grant funds?**

A.1. Yes, as long as the RCCI is participating in the National School Lunch Program (NSLP).

**Q.2. May a local educational agency (LEA) round up when determining a school's eligibility percentage of free and reduced-priced meals?**

A.2. No. Rounding is not an acceptable practice. This is consistent with our policies regarding area eligibility across the programs.

**Q.3. May an LEA use a district-wide percentage of free and reduced-priced eligibility instead of individual school sites' percentage?**

A.3. No. The ARRA specifically states that priority will be given for schools in which at least 50 percent of the students are eligible for free or reduced-priced meals. Therefore, an individual school sites' percentage of free and reduced-priced eligibility must be used and not a district-wide percentage.

**Q.4. Is there a certain month that an LEA needs to use to determine a school's free and reduced-priced eligibility?**

A.4. The LEA must use the month of October to determine their school's percentage of free and reduced-priced eligibility.

**Q.5. May the equipment purchased with the ARRA equipment assistance grant funds be used to support the other school meal programs, such as School Breakfast, Afterschool Snack Programs, Fresh Fruit and Vegetable Program (FFVP), and summer food?**

A.5. All LEAs participating in the NSLP are eligible to submit an application to their State agency to receive a grant award. The equipment purchased with the ARRA grant funds must be used to support the Federally assisted school food service operations of the LEA. Equipment may not be purchased exclusively for programs outside of the NSLP. However, when an LEA participates in other school meal programs (such as the School Breakfast Program, Afterschool Snack Program, FFVP, or the Summer Food Service Program), in addition to the NSLP, those other meal services may benefit from the ARRA grant purchased equipment. For example, if an LEA participating in the NSLP and School Breakfast Program purchases a new refrigerator with the ARRA grant funds, food items for both Federal Programs may be stored in the refrigerator.

**Q.6. May an LEA apply for the ARRA equipment assistance grant funds to purchase equipment that will have a pro rata share for multiple program uses? For example, can an LEA apply for a cooler truck that will be used to transport school meals between school sites and to transport meals to senior centers by the Department of Aging?**

A.6. Yes, under appropriate circumstances. An LEA is not prohibited from using ARRA equipment assistance grant funds to share in the joint cost of a piece of equipment. If they do, however, the LEA must furnish evidence that the ARRA grant's share of the cost is proportionate with the benefit the LEA's Federally assisted school food service operations will receive from the equipment's use. In other words, the ARRA grant must not be allowed to subsidize other activities of the LEA that also use the equipment. When reviewing an application for such ARRA funds usage, the State agency must consider that the specific intent of the ARRA grant funds is to improve the infrastructure of the NSLP while stimulating economy via prompt purchases of school food related equipment used to support the Federally assisted school food service operations. Within the application process, State agencies may choose to give priority to LEAs that will purchase equipment that solely benefits the school meal programs.

**Q.7. May an LEA with a base or central kitchen apply for the ARRA equipment assistance grant?**

A.7. Yes. As stated above, all LEAs participating in the NSLP are eligible to submit an application to their State agency to receive a grant award. An LEA's eligibility does not depend on the meal production systems being utilized (i.e., on-site kitchens, base/central kitchens, and satellite kitchens) as long as the ARRA equipment assistance grant funds are used to support the Federally assisted school food service operations of the LEA.

**Q.8. May the ARRA equipment assistance grant funds be used for delivery and installation costs of new equipment purchased, as well as disposal costs of old equipment?**

A.8. Yes. Any costs that are reasonably required to procure new equipment with ARRA grant funds and place it in service (including delivery, installation, testing, disposition of the old equipment, etc.) are allowable. For example, the costs associated with the delivery of a replacement refrigerator to a school, installation of the replacement refrigerator to existing wiring and plumbing, and disposal of the old refrigerator is allowable.

Please note that equipment must be disposed of in accordance with applicable Federal regulations. See 7 CFR sections 3016.32(e) and 3019.34(g) for information on equipment disposal.

**Q.9. May the ARRA equipment assistance grant funds be used for labor costs associated with the renovation of equipment?**

A.9. Yes, reasonable contracted labor costs associated with renovation of equipment are acceptable.

**Q.10. May LEAs purchase a point-of-service (POS) system with the ARRA equipment assistance grant funds?**

A.10. It depends on the purchasing situation. The intent of the ARRA equipment assistance grant funds is to stimulate the economy and provide relief from economic distress by encouraging the prompt purchase of school food related equipment. Sometimes a procurement for a POS system can take an extended period of time and may not allow the LEA to fully expend their grant award within the encouraged three (3) month time period. Equipment purchases that may take many months or years to complete do not meet the intent of this grant. Also, as with any grant request, the LEA must show how their request for equipment assistance corresponds to the focus area(s) of the grant application.

**Q.11. May LEAs purchase a vending machine with the ARRA equipment assistance grant funds?**

A.11. A vending machine may be purchased with ARRA equipment assistance grant funds *only* if the vending machine is used to distribute reimbursable meals. A vending machine may *not* be purchased with the ARRA equipment assistance grant funds to distribute competitive foods (see 7 CFR section 210.11) or foods of minimal nutritional value (see Appendix B to 7 CFR Part 210). The grant request to purchase a vending machine must fit into the focus area(s) of the application.

**Q.12. May the ARRA equipment assistance grant funds be used for kitchen renovations?**

A.12. No, the ARRA equipment assistance grant funds may not be used for kitchen renovations. As mentioned in the memo issued on March 19, 2009 (CN# 18-09), kitchen renovations are considered building construction costs, which cannot be paid from the nonprofit school food service account. Such costs must be paid from the school district's General Fund, a capital projects fund, etc.

**Q.13. May new equipment for newly constructed schools be approved to received the ARRA equipment assistance grant funds?**

A.13. Yes, as long as the LEA's proposal for purchasing the new equipment meets one of the focus area(s) of the grant application and meets the intent of the ARRA grant which is to expend funds in a manner that stimulates the economy.

**Q. 14. May the ARRA equipment grant funds be used to pay for equipment purchased this school year before the ARRA grant funds became available?**

A.14. No. The purpose of the ARRA equipment grant funds is to stimulate the economy as quickly as possible. Equipment that has already been acquired does not meet this purpose.

**Q.15. If a school needs an equipment item that has a per-unit cost of less than \$5,000, may the LEA be awarded ARRA equipment assistance grant funds to purchase the item?**

A.15. According to 7 CFR 3016.3 and the Office of Management and Budget Circular A-87, the Federal definition of equipment, for purposes of Federal assistance programs and the ARRA equipment assistance grant, is articles of nonexpendable, tangible personal property with a useful life of more than one year and a per unit acquisition cost of \$5,000 (or such lesser amount as the LEA uses when reporting equipment as assets in its financial statements). Most State and Local agencies use such lesser amounts (known as "capitalization thresholds") to define equipment (i.e. a \$2,000 capitalization threshold instead of a \$5,000 one). In these cases, items classified as supplies under the Federal definition but whose acquisition cost equals or exceeds the State or local capitalization threshold, may be purchased as equipment with ARRA grant funds.

**Q.16. As a condition of receiving ARRA equipment assistance grant funds, must a LEA commit to using and/or retaining the equipment for a prescribed minimum period of time?**

A.16. No. Please note, however, that equipment purchased with the ARRA grant funds must be disposed of in accordance with applicable Federal regulations. See 7 CFR sections 3016.32(e) and 3019.34(g).

**Q.17. May the LEA purchase used equipment with the ARRA equipment assistance grant funds?**

A.17. Yes, as long as the LEA's proposal for purchasing the used equipment meets one of the focus area(s) of the grant application and meets the intent of the ARRA grant, which is to expend funds in a manner that stimulates the economy.

**Q.18. If the LEA intends to replace a piece of equipment at a school, are there any requirements to show that the school's current equipment is unserviceable?**

A.18. Requiring additional information or criteria from the LEA, such as documentation to show the condition of existing equipment, is at the discretion of the State agency in developing their application process. In Arizona, this information is not required during the application process however an equipment replacement plan, if applicable, is required for Focus Area 3 of the grant application.

**Q.19. Are price quotes or specifications from an equipment supplier required to be included in an LEA's equipment assistance grant application?**

A.19. Requiring additional information or criteria from the LEA, such as price quotes or specifications from an equipment supplier, is at the discretion of the State agency in developing their application process. The grant application for Arizona LEAs does not require price quotes or specifications from an equipment supplier, however the LEA may include this information as part of or to support their proposed Purchase Plan. Additionally, a list of equipment vendors the LEA has worked with in the past, is requested for Focus Area 3 of the grant application.

For additional application and grant criteria questions, please visit <https://www.ade.az.gov/gme/> under funding alerts. If you have any questions, please contact Cara Peczkowski at [cara.peczkowski@azed.gov](mailto:cara.peczkowski@azed.gov) or 602-542-8703.